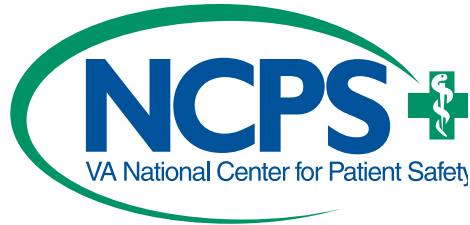


*"To care for him who shall have
borne the battle and for his
widow and his orphan."*

Abraham Lincoln,
Second Inaugural Address

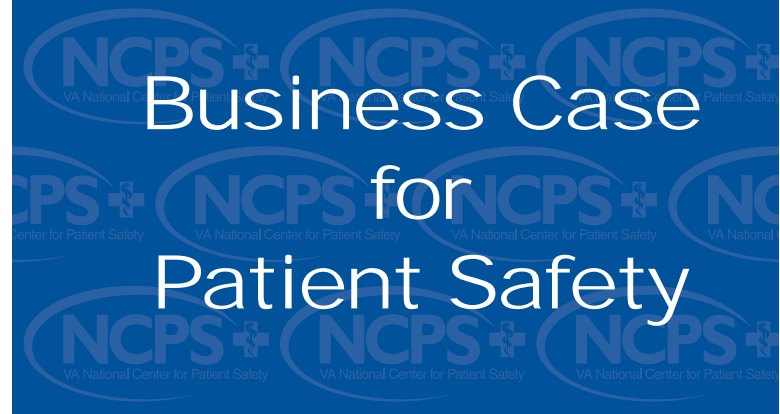


Department of Veterans Affairs
National Center for Patient Safety
24 Frank Lloyd Wright Dr., Lobby M
P.O. Box 486
Ann Arbor, MI 48106-0486

Phone: (734) 930-5890
Fax: (734) 930-5899

E-mail: ncps@med.va.gov

Internet: www.patientsafety.gov



Business Case for Patient Safety

VA National Center
for Patient Safety

Business Case for Patient Safety

NCPS is helping Patient Safety Managers (PSMs) make a business case for patient safety. We're doing this by developing benefit cost analysis and cost effectiveness measures for patient safety initiatives, as



well as teaching PSMs how to perform these and other cal-

culations. In addition, we want to establish and promote sensitivity to the impact safety has on the resources available to care for our patients.

Benefit cost analysis compares the amount of savings gained through an investment in patient safety and is reflected as a ratio: The numerator is the benefit or avoided cost; the denominator the expense associated with the intervention.

$\frac{\text{Benefit or Avoided Cost}}{\text{Cost of Intervention}}$
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A ratio greater than one indicates a net positive return from the investment. For example, suppose an investment in hand alcohol

gel costs \$2,000; further, that this investment resulted in a decrease in nosocomial infections that would have cost \$10,000 in extra hospital admissions. The benefit cost ratio would be five - 10,000 divided by 2,000.

Cost effectiveness measures the cost per avoided adverse event: The numerator is the expense of the intervention; the denominator the anticipated number of avoided adverse events.

$\frac{\text{Cost of Intervention}}{\text{Anticipated Avoided Events}}$

For example, if there were a falls intervention program that cost \$40,000 to implement per year and avoided four fractured hips during that time period, the cost effectiveness measure would be \$10,000 per avoided hip fracture.

The financial aspects of patient safety programs are becoming increasingly important because this critical element of healthcare is receiving an increased investment of resources. This investment may take the form of employing new dedicated patient safety staff

members, the procurement of new infrastructure or equipment, or funding for training or new Root Cause Analysis investigations.

Along with providing training on how best to use financial tools to quantify the impact of proposed actions, NCPS is helping PSMs measure the cost of past adverse events and close calls. This includes preparing them for questions likely to be asked by management or decision-makers, such as: Can you demonstrate that this is cost-beneficial or at least cost-neutral? How much will interventions and proposed actions cost in

total? How will we know that we have made a difference in patient safety?

While the goal of patient safety is to prevent harm to patients, it is important to make sure that the resources we use are expended as efficiently as possible. By so doing, we can realize the biggest benefit to our patients.

Visit the NCPS Web site for information on a wide range of patient safety initiatives and programs: www.patientsafety.gov

